

## Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 EB-11 OMB-01 HEW-08 AGR-20 TRSE-00

CIAE-00 INR-10 NSAE-00 RSC-01 SCI-06 PRS-01 DRC-01

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R 151524Z MAR 74

FM AMEMBASSY BUDAPEST

TO USDOC WASHDC

SECSTATE WASHDC 990

UNCLAS SECTION 01 OF 02 BUDAPEST 0619

E.O. 11652: N/A

TAGS: BEXP, HU

SUBJ: EXECUTIVE TRADE MISSION: HUNGARIAN INDUSTRIES

REF: STATE 41321

USDOC FOR BEWT (TREICHEL)

THIS IS A CONTINUATION OF BUDAPEST 0612:

3. PHARMACEUTICAL INDUSTRY: THE PHARMACEUTICAL INDUSTRY IS ONE OF HUNGARY'S MOST HIGHLY DEVELOPED INDUSTRIES AND IS CONSIDERED BY HUNGARIANS TO BE ONE OF THE NATION'S MOST EFFICIENT. DURING THE LAST TEN YEARS PRODUCTION HAS GROWN STEADILY AT THE RATE OF 10-12 PERCENT PER YEAR. THE ANTICIPATED GROWTH RATE FOR 1974 IS 12.4 PERCENT. DOMESTIC PRODUCTION SATISFIES 95 PERCENT OF INTERNAL NEEDS AND 72-75 PERCENT OF TOTAL OUTPUT IS EXPORTED. HUNGARY RANKS BETWEEN 12 AND 14 ON THE LIST OF WORLD PHARMACEUTICALS PRODUCERS AND IS THE WORLD'S 7TH LARGEST EXPORTER OF THESE PRODUCTS. PHARMACEUTICAL PRODUCTION CONSTITUTES MORE THAN 20 PERCENT OF THE CHEMICAL INDUSTRY'S TOTAL OUTPUT. 1972 EXPORT-IMPORT FIGURES ARE AS FOLLOWS:

MILLION FORINTS

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IMPORT EXPORT

PHARMACEUTICALS                    85.9    1,387.2#  
 RAW MATERIALS FOR PHARMACEUTICAL  
 INDUSTRY                    184.2    468.3  
 # IN 1972 HUNGARY EXPORTED \$1.2 MILLION WORTH OF PHARMA-  
 CEUTICALS TO THE US.

AVAILABILITY OF PHARMACEUTICALS IN HUNGARY: HUNGARIANS CONSUME 4.5 BILLION FORINTS WORTH OF MEDICINES ANNUALLY AND AN ADDITIONAL ONE BILLION FORINTS OF PHARMACEUTICAL PRODUCTS ARE USED EACH YEAR BY HOSPITALS AND CLINICS. MORE THAN A THOUSAND VARIETIES OF DRUGS ARE AVAILABLE IN THE COUNTRY, ACCORDING TO A HUNGARIAN SURVEY OF JANUARY 1974. OF THESE, 772 WERE HUNGARIAN PREPARATIONS, 196 WERE IMPORTED FROM CAPITALIST COUNTRIES, AND 95 FROM OTHER COMMUNIST COUNTRIES. UNLIKE IN THE WEST, THE FIVE LARGE HUNGARIAN PHARMACEUTICAL FACTORIES PRODUCE RELATIVELY FEW COMBINATION DRUGS, AS COMBINATIONS ARE GENERALLY PRESCRIBED BY INDIVIDUAL PHYSICIANS.

INVESTMENT AND DEVELOPMENT: ACCORDING TO A RECENT NEWSPAPER ARTICLE, 4.3 BILLION FORINTS ARE BEING EXPENDED TO MODERNIZE PRODUCTION IN THE PHARMACEUTICAL INDUSTRY DURING THE CURRENT 5-YEAR PLAN. IN THE FIFTH 5-YEAR PLAN (1976-80) THIS FIGURE WILL RISE TO BETWEEN 5 AND 5.5 BILLION FORINTS. ABOUT 15 NEW TYPES OF DRUGS ARE INTRODUCED ON THE MARKET EACH YEAR. THE INDUSTRY EMPLOYS 2,500 FULL-TIME RESEARCH WORKERS, EXCLUSIVE OF THOSE WORKING ON RESEARCH PROJECTS AT UNIVERSITIES, INDEPENDENT RESEARCH INSTITUTES, AND THE ACADEMY OF SCIENCES. MAJOR COOPERATION AGREEMENTS HAVE BEEN SIGNED WITH CIBA AND SANDOS OF SWITZERLAND, THE DUTCH FIRM ORGANON, AND THE BELGIAN PHARMACEUTICAL PRODUCER JANSEN. IN ADDITION, ALANCO, THE EUROPEAN SUBSIDIARY OF ELI LILLY, HAS RECENTLY SIGNED AN AGREEMENT WITH THE KOBANY APHARMACEUTICAL FACTORY TO DELIVER \$568,000 WORTH OF BASIC MATERIAL DURING THE NEXT TWO YEARS FOR THE MANUFACTURE OF TYLAN, A SPECIAL VETERINARY MEDICINE.

OFFICIAL STATISTICS ON PHARMACEUTICAL PRODUCTION FROM  
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1972 STATISTICAL YEARBOOK ARE AS FOLLOWS:

	1960	1965	1970	1972
VITAMIN B12,				
CRYSTAL, KG	9	185	508	455

UNREFINED MORPHINE				
KG	8,292	9,407	8,651	11,106
PAPAVERINE, KG	21,878	40,713	31,517	64,377

PREDNISOLONE, KG 37 1,739 5,105 5,354  
 STREPTOMYCIN, KG 2,200 2,509 10,895 17,649  
 OXITETRACYLINE,  
 QUATERNARY SALT, KG 25,051 60,408 60,796 39,171  
 CHLOROCIDE, KG 38,999 202,299 322,982 339,720  
 PENICILLINS 4/  
 THOUSAND MILLION  
 UNITS 12,416 38,856 59,436 27,452  
 PARAAMINO SALICYLIC  
 ACID (PAS), KG 136,897 236,575 32,701 23,115  
 SULFAGUANIDINE, KG 169,618 312,373 443,841 60,586  
 SUPERSEPTYLE, KG 100,837 203,085 165,020 185,679

4. FOOD AND FOOD PROCESSING INDUSTRIES: IN HUNGARY 210  
 ENTERPRISES WITH 2,142 PLANST ARE ENGAGED IN THE PROCESSING  
 OF FOOD AND BEVERAGES. INVESTMENT IN THE FOOD INDUSTRY IN  
 1972 WAS 3.5 BILLION FORINS O APPROXIMATELY 8.5 PERCENT OF TOTAL  
 INVESTMENT. FOOD INDUSTRY PRODUCTION INCREASED ABOUT 5 PERCENT  
 IN 1973, SLIGHTLY LESS THAN THE AVERAGE OF 5.7 PERCENT FOR INDUSTRY  
 AS A WHOLE. IN 1972 THE INDUSTRY EMPLOYED 118,000 WORKERS  
 OR 10.8 PERCENT OF THE LABOR FORCE FOR SOCIALIST INDUSTRY. THE  
 INDUSTRY'S PRODUCTS CONSTITUTED 21 PERCENT OF SOCIALIST INDUSTRY'S  
 TOTAL OUTPUT. FOOD PRODUCTION IN HUNGARY IS PRIMARILY  
 OVERSEEN BY FOUR INDUSTRY TRUSTS: THE DAIRY TRUST, THE  
 CANNING TRUST, THE BAKING TRUST, AND THE MEAT TRUST.

THE HUNGARIAN MEAT INDUSTRY: THE MOST IMPORTANT BRANCH  
 OF HUNGARY'S FOOD INDUSTRY IS MEAT PRODUCTION. THE TOTAL  
 VALUE OF MEAT PRODUCTION IN 1973 WAS 26.1 BILLION FORINTS  
 AND MEAT EXPORTS CONSTITUTE 42 PERCENT OF TOTAL FOOD EXPORTS.  
 THE TOTAL VALUE OF HUNGARIAN MEAT EXPORTS IN 1973 WAS  
 243 MILLION DOLLARS AND LOCAL OFFICIALS CLAIM THAT THIS  
 WOULD HAVE BEEN HIGHER HAD IT NOT BEEN FOR THE SERIOUS  
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OUTBREAK OF HOOF AND MOUTH DISEASE WHICH TOOK PLACE IN  
 THE EARLY ART OF LAST YEAR. SALES OF CANNED HAMS AND  
 SHOULDERS TOPPED THE LIST OF HUNGARIAN EXPORTS TO THE US

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CIAE-00 INR-10 NSAE-00 RSC-01 SCI-06 PRS-01 DRC-01

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AND TOTALED 4.7 MILLION DOLLARS IN 1972.

FUTURE NEEDS OF FOOD INDUSTRY: AMONG THE FOOD INDUSTRY'S  
FUTURE NEEDS ARE:

INCREASED COOLING CAPACITY FOR THE MEAT AND DAIRY INDUSTRY--  
THE MEAT INDUSTRY IN PARTICULAR IN NEED OF  
LARGE COLD STORAGE FACILITIES AS WESTERN FACILITIES CAN  
ONLY COVER ONE-THIRD OF EXPECTED REQUIREMENTS. TWELVE  
LARGE CAPACITY COOLING REPOSITORIES (SIC EACH FOR  
THE MEAT AND DAIRY INDUSTRY) WILL BE CONSTRUCTED IN HUNGARY  
BY 1990.

IMPROVEMENTS IN CANNING PRODUCTION AND TECHNOLOGY--  
THE HUNGARIAN CANNING TRUST IS INTERESTED IN PURCHASING  
MACHINES AND TECHNOLOGY FROM WESTERN COUNTRIES TO IMPROVE  
THE QUALITY OF CANNING AND INCREASE AUTOMATION OF INDUSTRY  
THE TRUST HAS HAD NEGOTIATIONS WITH THE US FOOD  
MACHINERY CORPORATION AND CONTINENTAL CAN COMPANY ON  
THIS SUBJECT.

PACKAGING MACHINERY--WHILE MUCH EFFORT HAS BEEN  
PUT INTO IMPROVING THE QUALITY OF HUNGARIAN PACKAGING,  
IT IS STILL FAR BELOW WESTERN STANDARDS. THE HUNGARIAN  
PACKAGING INSTITUTE ACTIVELY ENCOURAGES HUNGARIAN  
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ENTERPRISES TO IMPROVE PACKAGING STANDARDS AND HAS SHOWN  
CONSIDERABLE INTEREST IN US PACKAGING TECHNOLOGY.  
EXPORTS AND IMPORTS OF FOOD PROCESSING EQUIPMENT. NO  
PUBLISHED STATISTICS GIVING FIGURES FOR TOTAL PRODUCTION,  
EXPORTS, OR IMPORTS OF FOOD PROCESSING MACHINERY ARE  
AVAILABLE. HUNGARY PRODUCES SIGNIFICANT QUANTITIES OF

FOOD PROCESSING MACHINERY, PARTICULARLY EQUIPMENT FOR THE DAIRY INDUSTRY AND COMMERCIAL AND INDUSTRIAL REFRIGERATORS. MANY OF THESE ARE EXPORTED TO OTHER CEMA COUNTRIES AND THIRD WORLD NATIONS. MAJOR IMPORTS HAVE CONSISTED OF FOUR COMPLETE DAIRY PROCESSING PLANTS PURCHASED FROM DENMARK. A LIST OF 1972'S MOST IMPORTANT SALES AND PURCHASES OF FOOD PROCESSING EQUIPMENT IS AS FOLLOWS:

TYPES OF MACHINE	TRADING PARTNER	VALUE 1,000 DFT.
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PURCHASES:

MEAT PROCESSING EQUIPMENT	DENMARK	2,539.2
EQUIPMENT FOR THE DAIRY INDUSTRY	DENMARK, GDR	19,482.0
EQUIPMENT FOR THE SUGAR INDUSTRY	POLAND	9,980.9

SALES:

MEAT PROCESSING EQUIPMENT	POLAND	6,798.8
EQUIPMENT FOR THE DAIRY INDUSTRY	USSR	74,675.5
POULTRY AND EGG PROCESSING EQUIP.	GDR	10,580.9
EQUIPMENT FOR THE CANNING INDUSTRY	GDR	4,233.2
FRUIT JUICE LINE	USSR	30,174.5
COMMERCIAL AND INDUSTRIAL REFRIGERATORS	USSR	153,202.1
TOMATO CONCENTRATE LINE	USSR	26,772.7

PRODUCTION FIGURES FOR FOOD INDUSTRY: BELOW ARE PRODUCTION FIGURES FOR THE FOOD INDUSTRY'S MOST IMPORTANT COMMODITIES:

	1965	1970	1972
UNBONED MEAT, TONS	272,117	307,679	423,825
OF WHICH:			
UNBONED BEEF, TONS	86,437	99,750	91,948
UNBONED PORK, TONS	179,652	201,262	327,802
SMOKED SAUSAGE, TONS	22,705	33,611	34,787

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SLAUGHTERED POULTRY, TONS	43,093	98,173	100,158
MILK FOR CONSUMPTION, 1,000 LITERS	390,355	502,816	588,808
BUTTER, TONS	17,022	20,238	18,087
CHEESE, TONS	15,994	24,497	18,302
CANNED FRUIT, TONS	79,651	134,881	158,405
CANNED VEGETABLES, TONS	129,867	206,724	245,311
OF WHICH:			
GREEN PEAS, TONS	35,990	71,567	88,812
TOMATO-PAPRIKA			
LETCO, TONS	15,065	18,978	38,512
FROZEN VEGETABLE AND VEGETABLE AND OTHER			

CREAMS, TONS	9,882	25,235	30,594
CANNED TOMATOES, TONS	24,779	29,549	41,374
PICKLES (EXCLUDING PICKLED			
CABBAGE), TONS	42,058	72,580	96,057
CANNED MEAT, TONS	19,964	27,817	36,727
FLOUR, 1,000 TONS	1,389	1,302	1,278
SUGAR, TONS:	427,605	279,513	297,579
OF WHICH:			
GRANULATED SUGAR, TONS	388,137	212,485	259,195
MOLASSES, TONS	158,775	134,535	141,268
PEDERSEN			

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## Message Attributes

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**Status:** NATIVE  
**Subject:** EXECUTIVE TRADE MISSION: HUNGARIAN INDUSTRIES  
**TAGS:** BEXP, HU  
**To:** COM STATE  
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